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ABSTRACT

In February 1993 the Buffalo Financial Plan Commission was asked to conduct a financial and management assessment of the Buffalo (New York) public schools. The effort involved the work of 115 volunteers from 75 businesses and community organizations in the Buffalo area. Thirty-four recommendations were produced, which were expected to yield annual savings ranging from $15.7 million in 1995-96 to $44.3 million in 1999-2000 with: (1) no curtailment of academic programs; (2) no increase in class size; (3) no reduction in extracurricular or interscholastic athletic programs; and (4) no reduction in special education or remedial instruction. Buffalo is one of the poorest cities in the United States, with 21.7 percent of its families below the poverty level. The Commission found that more effective resource allocation could reduce the district's overall costs and that the cost of employee benefits could be reduced significantly. Noninstructional costs were targeted for reduction, and the implementation of up-to-date management information and financial reporting systems was essential to the recommendations. Appendix A lists Commission members and staff, and Appendix B summarizes the recommendations. (Contains 13 tables.) (SLD)

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Five Year Financial and Management Assessment of the Buffalo Public Schools

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Copies of the **ADDENDUM: DETAILED RECOMMENDATIONS** to this report are available for $ 15.00 by contacting:

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I. EXECUTIVE SUMMARY

In February 1993, the Buffalo Financial Plan Commission (BFPC or Commission) was asked to conduct a financial and management assessment of the Buffalo Public Schools (BPS). This request was made by the Buffalo Common Council, the Mayor, and subsequently endorsed by the Board of Education and the Superintendent. The effort involved the work of 115 volunteers from 76 businesses and community organizations in the Buffalo area.

The 34 recommendations which begin on page 6 provide annual savings ranging from $15.7 million in 1995-96 to $44.3 million in 1999-00, for a total of $188.5 million over the five year period. These recommendations will do so with:

- no curtailment of academic programs
- no increase in class size
- no reduction in extra-curricular or interscholastic athletic programs
- no reduction in special education or remedial instruction

By year, the savings are as follows:

PROJECTED SAVINGS BY YEAR	
FISCAL YEAR	**SAVINGS**
1995-96	$15,664,000
1996-97	$41,343,000
1997-98	$42,807,000
1998-99	$44,339,000
1999-00	$44,339,000

The Commission understands that a mix of complex conditions can greatly affect BPS's complete responsiveness to the recommendations in this assessment:

- Community Conditions

  The City of Buffalo, with median household income of $18,487 in 1990, is one of the poorest cities in the United States. 21.7% of its families live below the poverty level, a number that has more than doubled since 1970. The City, according to the New York State Education Department, is the 554th poorest school district out of 691 public school districts in the state. Most of the districts rated below Buffalo are located in rural counties with low property values and household incomes.

82% of the school population is eligible for free or reduced price lunch programs, because their families live near or below the poverty level.

One in four students relocates to a different school during each academic year, and some schools have transiency rates as high as 70%.

- Government Mandates

  In 1993-94, it cost the BPS an average of $7,803 per student to educate 48,541 students. 52.9% of the BPS student body had no special needs and cost an average $5,352 per student. However, 6,173 students were special education students who cost $97.0 million, or an average $15,723 per student. In other words, 12.7% of the students accounted for 25.6% of the cost.

  The federal court still has enormous power in how the BPS is administered as a result of its decisions regarding school desegregation, beginning in 1976. Those decisions, no matter how necessary and equitable, also have been expensive. The BPS does not track the decision's costs or results; however, over $100 million has been spent in the past ten years on transportation alone.

  The student population is diverse, with 6 out of every 100 students qualifying for mandated Limited English Proficiency (LEP) services. There are over 25 languages spoken by BPS students, and supplemental instruction in these languages must be provided by the BPS.

  Because of the impact of mandates on the district, the Commission believes that a thorough cost/benefit analysis of all mandates affecting the BPS should be undertaken by the appropriate parties.

- Scope of Operations

  The BPS is a very large and complex operation. For example, the BPS utilizes 578 buses which entails a larger bus system than any entity in the State of New York outside of New York City.

  The BPS staff has grown dramatically; between 1982 and 1994, staff increased by 1,343 while the number of students grew by only 369.

  Unfortunately, the bureaucracy tends to lead the administration rather than the other way around. For example, the Instructional Services Division is separated into several different staff areas for the purpose of facilitating reporting to each major category of outside funding. This separation significantly limits the necessary coordination of instructional services. Also, the procedure to remove a tenured teacher typically takes more than two years and costs in excess of $200,000. In 1993-94, the BPS did not have a single tenured or probationary teacher actually removed for matters related to ineffective job performance.

The Commission's recommendations show an immediate need for significant change in the way the BPS is managed. Focus and direction, starting at the highest BPS levels, need to permeate the entire organization. There is an overall resistance to change which, among

other serious problems, has led to inadequate systems and antiquated processes. As a result, many key BPS decision makers, who are well meaning and dedicated to the children of Buffalo, now have little credibility or support within the district, with the City administration, and in the community at large.

The Commission believes that the improvements in BPS management detailed in this assessment's recommendations are more crucial than ever to bring about now. In the midst of scarce funding, such changes should, in turn, generate improvements in the quality of BPS education, a more positive atmosphere in which that education is delivered, and a more efficient allocation of resources with which to deliver it. Delivering the best possible education to Buffalo's children cost effectively must continue to be BPS's mission.

In reviewing what the BPS may have done to address financial and management issues, such as those identified in this assessment, the Commission found that a significant number of issues have been without resolution for a long time. The Commission reviewed 10 studies of the BPS conducted over the past decade, containing 84 major recommendations, of which only five have been substantively addressed to date. (See Appendix B.) The Commission believes that many more of them had and continue to have sufficient merit to warrant action.

Moreover, since the time the Commission was asked to conduct this assessment, the financial condition of the BPS, as well as one of its principal funding sources -- the City of Buffalo, which is facing a $25.0 million deficit -- has deteriorated. There also are major funding cuts pending at the state and federal levels. These likely will generate resource allocations to BPS which will be at lower than current levels. As a result, the Commission has projected a budget gap of up to $35.5 million for 1995-96 which will increase to up to $51.0 million per year for each of the following four years (assuming expenses, including salaries, are held constant). In other words, BPS is projected to have a total deficit of up to $239.5 million over the five year period, and even if all the BFPC's financial recommendations are implemented fully, the district still will face a cumulative shortfall of $51.0 million.

In sum, the Commission concludes that in light of the issues above, the BPS and community at large should take deliberate and immediate action regarding its recommendations. If such action is not taken, the consequences will be very serious for the education the BPS provides and for the quality of life in Buffalo.

II. PRINCIPAL FINDINGS

The recommendations in Section III of this assessment principally reflect five areas of needed improvement in BPS management:

- More effective resource allocation can reduce overall costs. The Commission found teachers used in inappropriate roles not related to the classroom; it also found other resources that can be used in instruction being diverted to administration.

- Competitive employee benefits can be maintained while the cost of providing them can be significantly reduced. The Commission found that BPS employee benefits greatly exceed those typically found in the private sector and average from 24.4% to 59.5% of salaries, depending on union group. Provisions regarding medical premiums, deductibles, co-payments and vacations and sick leave are measurably more generous than current practice in the private sector, and can be reduced by a combination of better management and labor contract revisions. The Commission recognizes that such contract revisions will require agreement by the respective parties.

- Non-instructional costs are excessive and can be readily reduced. The Commission found that custodial costs and energy and fuel costs frequently exceed market rates and the costs at peer school districts.

- Up-to-date management information and financial reporting systems can improve decision making, contain expenses, and enhance productivity. The Commission found that BPS information can be improved and expenses can be reduced by eliminating redundant processing systems and instead utilizing Board Of Cooperative Educational Services for its mainframe needs.

- Standard inventory management procedures and timely financial reporting can reduce costs and improve funds management. The Commission found that, particularly through reporting and financial information systems, the district can minimize inventory costs and be able to submit requests for expense reimbursements to outside agencies much more quickly.

III. SUMMARY OF RECOMMENDATIONS

The Commission's 34 recommendations are grouped in four categories.

- Instructional Division: Eleven recommendations generating $112.6 million in savings over the five year period.
- Finance, Personnel, and Administrative Services Division: Six recommendations generating $8.2 million in savings over the five year period.
- Plant Services and School Planning Division: Eight recommendations generating $21.7 million in savings over the five year period.
- Benefits Management: Nine recommendations generating $46.0 million in savings over the five year period.

Effective implementation of these recommendations will require improved relationships between BPS management and key constituencies -- the City of Buffalo, the New York State Education Department, the BPS employee unions, and the federal court. Table 1.1 delineates the importance of these relationships, if potential savings are, in fact, to be realized.

TABLE 1.1

CLASSIFICATION OF RECOMMENDED SAVINGS THAT REQUIRE ACTIONS/APPROVAL BY SPECIFIC CONSTITUENCIES

		SAVINGS ($000s)				
CONSTITUENCY	# of Recommendations	95/96	96/97	97/98	98/99	99/00
Board/Administration action (only)	22	$14,146	$15,296	$16,760	$18,292	$18,292
Labor contract agreement required	10	0	24,529	24,529	24,529	24,529
State Ed Dept approval required	1	0	0	0	0	0
Court approval required	1	1,518	1,518	1,518	1,518	1,518
TOTALS	34	$15,664	$41,343	$42,807	$44,339	$44,339

INSTRUCTIONAL DIVISION

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved *			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations with Direct Financial Impact									
1. Reduce the need for up to 33 administrative positions by reengineering the administrative structure.	$2,132	$2,132	$2,132	$2,132	$2,132	x			
2. Reduce expenditures for non-classroom teachers by:									
a) eliminating the need for up to 25 teachers doing primarily administrative work	1,701	1,701	1,701	1,701	1,701	x			
b) eliminating the teacher certification requirement where it is not job-related, and replacing positions with lower paying non-certified titles.	835	835	835	835	835	x			
3. Reduce class size or the need for up to 206 grade 7 to 12 academic subject teachers by requiring an increase in the amount of time per day spent in classroom instruction.	0	12,024	12,024	12,024	12,024		x		
4. Reduce the need for up to 91 teacher aide positions by implementing the Board's plan regarding the number of teacher aides at Early Childhood Centers.	1,518	1,518	1,518	1,518	1,518				x

* Legend:
B = Board and administration actions only required
L = Labor negotiations required
S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

INSTRUCTIONAL DIVISION - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved *			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
5. Avoid additional costs by developing a cost-effective plan to utilize the new Makowski Early Childhood Center.	3,450	3,450	3,450	3,450	3,450	x			
6. Reduce the need for up to 24 non-classroom Special Education positions by streamlining the existing special education evaluation and placement process.	1,510	1,510	1,510	1,510	1,510	x			
7. a) Reduce the cost of Buffalo Alternative High School program - class size/program assessment.	0	1,191	1,191	1,191	1,191		x		
b) Reduce the cost of Buffalo Alternative High School program - locations.	368	368	368	368	368	x			
8. Reduce the cost of Fulton Academic Complex.	438	438	438	438	438	x			
Total Estimated Impact	$11,952	$25,167	$25,167	$25,167	$25,167				

* Legend:
B = Board and administration actions only required
L = Labor negotiations required
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C = Federal Court action/input required

INSTRUCTIONAL DIVISION - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved *			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations Related to Management Improvement **									
9. Make administrators below the Associate Superintendent level directly accountable for the financial management of their entities.						x			
10. Improve cost effectiveness of special education programs by implementing district-wide pre-referral intervention programs to decrease the demand for special education services.							x	x	x
11. Establish a Board Academic Evaluation Committee to drive the goal of academic excellence for the BPS.						x			

* Legend:
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L = Labor negotiations required
S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

** No estimate of financial impact currently possible.

FINANCE, PERSONNEL AND ADMINISTRATIVE SERVICES DIVISION

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations with Direct Financial Impact									
1. Reduce the need for up to 16 in-house MIS positions by utilizing BOCES computer services.	$(303)	$425	$765	$765	$765	x			
2. Reduce the need for up to 19 positions in payroll, purchasing, and personnel departments by automating manual processes.	572	622	622	622	622	x			
3. Reduce the need for one position and reclassify up to four others by restructuring the Human Resources Functions.	230	230	230	230	230	x			
4. Reduce the need for up to three positions in the evaluation department and transfer the evaluation function to the Instructional Division.	223	223	223	223	223	x			
5. Reduce telecommunications costs by:									
a) purchasing telephone equipment that is currently rented	(222)	154	154	154	154	x			
b) minimizing distance charges on data communications networks	(24)	18	18	18	18	x			

* Legend:
B = Board and administration actions only required
L = Labor negotiations required
S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

FINANCE, PERSONNEL AND ADMINISTRATIVE SERVICES DIVISION - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
c) utilizing telephone auditing service to identify overcharges.**						x			
Total Estimated Impact	**$476**	**$1,672**	**$2,012**	**$2,012**	**$2,012**				
**Recommendations Related to Management Improvement ** **									
6. a) Improve budgeting and long range planning.						x			
b) Improve the quality and timeliness of external reporting.						x			

* Legend:
B = Board and administration actions only required
L = Labor negotiations required
S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

** No estimate of financial impact currently possible.

PLANT SERVICES AND SCHOOL PLANNING DIVISION

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations with Direct Financial Impact									
1. Reduce the cost of cleaning, maintenance and grounds care to competitive levels.	0	$2,778	$2,778	$2,778	$2,778		x		
2. Relamp school buildings using the lowest cost financing available.	(1,224)	(916)	(607)	925	925	x			
3. Establish a district-wide energy plan and clearly establish responsibility for its implementation.	464	464	464	464	464	x			
4. Implement computer bus routing of school buses allowing for a staff reduction of four positions. Rebid all busing contracts when they expire in 1997.	0	180	995	995	995	x			
5. Eliminate the need for four positions by adjusting the vehicle mechanics' work load and schedules and outsourcing vehicle fueling.	0	136	136	136	136		x		
6. Eliminate the $1.6 million school supply inventory and 18 of 28 positions required to control and deliver the inventory, and replace with a direct vendor to schools supply system.	1,397	647	647	647	647	x			

* Legend:
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L = Labor negotiations required
S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

PLANT SERVICES AND SCHOOL PLANNING DIVISION - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
7. Replace the boiler in South Park School and eliminate one boilermaker position.	(116)	100	100	100	100	x			
8. Close School 75 (administration building) and eliminate or transfer staff.	232	232	232	232	232	x			
Total Estimated Impact	**$753**	**$3,621**	**$4,745**	**$6,277**	**$6,277**				

* Legend:
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S = NYS State Department of Education approval or variance required
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LABOR RELATIONS, COMPENSATION, AND BENEFITS

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations with Direct Financial Impact									
1. Reduce the cost of health insurance for active employees and future retirees by:									
a) limiting the employer's contribution to 100% of the cost of the least expensive health insurance plan currently available, with employees paying the difference if they elect a more expensive plan	0	$2,735	$2,735	$2,735	$2,735		x		
b) changing the least expensive health insurance plan currently available (Independent Health's Gold Plan) to Independent Health's Silver Plan.	0	4,530	4,530	4,530	4,530		x		
2. Reduce the cost of health insurance by providing an incentive payment to employees who have duplicate coverage under a spouse's policy and waive their right to BPS provided health insurance.	0	790	790	790	790		x		

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LABOR RELATIONS, COMPENSATION, AND BENEFITS - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
3. Reduce employee and employer payroll tax costs by offering employees a new benefit in the form of a flexible medical and dependent care spending reimbursement account.	0	120	120	120	120		x		
4. Eliminate duplicate life and disability insurance coverage.	0	225	225	225	225		x		
5. Reduce the cost of retiree health insurance by eliminating duplicate prescription plan coverage and self insuring the difference in coverage from current policies.	495	495	495	495	495	x			
6. Use Buffalo Teachers Federation union control systems to reduce absenteeism to national norms.	1,694	1,694	1,694	1,694	1,694	x			
7. Decrease the cost of Workers' Compensation claims by ensuring a safer work place, increasing the efficiency of processing claims, and providing incentives for employees to return to work.	294	294	294	294	294	x			
Total Estimated Impact	**$2,483**	**$10,883**	**$10,883**	**$10,883**	**$10,883**				

* Legend:
B = Board and administration actions only required
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C = Federal Court action/input required

LABOR RELATIONS, COMPENSATION, AND BENEFITS - Continued

Recommendations	Estimated Financial Impact ($000s)					Constituency Involved*			
	95/96	96/97	97/98	98/99	99/00	B	L	S	C
Recommendations Related to Management Improvement **									
8. Improve labor relations and reduce the time and money spent on resolving employee grievances.						x			
9. Reduce BPS paid absences due to severe winter weather conditions:									
a) for teachers and other personnel working at school locations							x		
b) for administrative and other personnel working at non-school locations.							x		

* Legend:
B = Board and administration actions only required
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S = NYS State Department of Education approval or variance required
C = Federal Court action/input required

** No estimate of financial impact currently possible.

IV. MANAGEMENT ISSUES

A. Governance and Administration

The following issues indicate a need for fundamental change in the way the BPS operates.

- District-Wide Direction
  As part of the Commission's information gathering process, hundreds of people (including teachers, principals, school administrators, Board of Education members, education experts, community leaders, parents, and union leaders) were asked for their views on how the BPS functions and how it can be improved. Most expressed opinions that a lack of effective leadership and direction contributed greatly to problems in the district and to an overall erosion of public confidence in the schools. These same individuals expressed the hope that major changes would lead to restored public confidence in, and increased support of the BPS.

- Accountability
  The BPS does not have a formal set of results-oriented education goals to measure student learning across the district. Even if such goals existed, there is no effective mechanism to assess actual performance. Moreover, management goals and objectives, as well as a comparable framework for assessing staff activities in relationship to them, are very limited.

- Board of Education
  Board members express frustration at their inability to act. They also have a strained relationship with the Superintendent. Because they feel they do not have the tools or the comfort to delegate to management, they often focus on operational detail rather than policy issues. Board members regularly request special reports and analyses directly from staff without working through the Superintendent. Bi-weekly Board meetings often run six hours or longer. Unfortunately, substantive issues requiring careful discussion or a vote often are held until the end of the agenda.

- Administration
  The Superintendent oversees a complex administrative structure with antiquated systems and processes, and formal chains of command often are not adhered to. In a highly centralized administration, there is competition among central office staff for access to the Superintendent. Administrators, other than those at the most senior management levels, have little decision making authority and generally are unaware of their area's cost of operating. Managerial innovation is discouraged, as there is very little receptivity to

change. The central administration's direct, regular contact with school principals and classroom teachers is limited.

The BPS promotes teachers into administrative positions (including personnel, MIS, finance, etc.) from within the ranks of the school system, which results in promotions where those involved have little training or experience related to the job, and leads to pay levels in excess of market norms for those jobs.

The principals, the school-level managers, are accountable for educational results, but have minimal authority to make staffing decisions impacting those results. They also have virtually no formal authority in matters related to maintenance and repair of their individual school buildings.

The classroom teacher is the basis of the instructional process, but teachers' professional time often is diverted from the classroom to undertake administrative functions. Many, due to existing labor contract language, are in the classroom only 3 hours and 20 minutes out of a 6 hour and 50 minute work day, engaged at other times in such duties as lunch room and study hall monitoring. Peer data suggest that an extra 40 minutes in the classroom for these teachers is not inconsistent with peer norms, particularly in big city school districts outside of New York State. See Table 1.2.

Ineffective teacher evaluation and a management reluctance or inability to remove sub-par teachers have made tenure virtually automatic for probationary teachers. Once tenured, the process of removing a teacher for matters related to competence costs an average of over $200,000 per individual and typically takes more than two years. In 1993-94, no tenured or probationary teachers were terminated for matters related to competence, according to senior BPS personnel administrators. Teachers' performance evaluations are based on how well they manage a classroom, not on how well students actually learn, as the standard BPS teacher evaluation form makes no mention of student achievement.

TABLE 1.2

PEER SCHOOL DISTRICT ACADEMIC SECONDARY TEACHERS WORK SCHEDULES
1993-94

School District	Days on Duty	Maximum Teaching Periods per Day *	Length of Periods (minutes)	Hours per Week	Total Classroom Hours/Yr
Buffalo**	186	5	40	16.7	620
Rochester	185	5	41	17.1	632
Syracuse	185	5	40	16.7	617
Cincinnati	191	6	50	25.0	955
Kansas City	188	5	40	16.7	627
Milwaukee	187	5	47	19.6	732
Minneapolis	184	5	50	20.8	767
Pittsburgh	192	5	41	17.1	656
St. Louis	189	6	50	25.0	945
Toledo	183	5	55	22.9	839
Kenmore/ Tonawanda	184	5	45	18.8	690
Orchard Park	185	5	43	17.9	663
West Seneca	187	5	43	17.9	670
Williamsville	189	5	43	17.9	677
Average (non-NYS)	188	5	48	21.0	789
Average (all peers)	187	5	45	19.2	721

* Does not include extra duty or preparatory periods.

** If the instructional division recommendation to increase the number of periods taught (without increasing the length of the teachers work day) is implemented, Buffalo academic teachers will increase their actual teaching time to 20.0 hours per week, or 744 hours per year, both below the average for non-NYS peers.

- Building Maintenance: The Commission found evidence that the annual, non-capital cost of maintaining the BPS buildings is higher than that in comparable cities. See Table 1.3.

TABLE 1.3

PEER SCHOOL DISTRICT BUILDING MAINTENANCE COMPARISON
1993-94

School District	# of School Buildings	% of Buildings Constructed Prior to 1955	Total Square Footage of School Buildings	Total Maintenance & Repair Costs**	Cost Per Building	Cost Per Sq. Ft.
Buffalo	77*	77%	7,718,000	$20,238,306	$262,835	$2.62
Rochester	56	52	5,927,419	13,904,334	248,292	2.35
Syracuse	40	53	3,816,000	7,952,536	198,813	2.08
Cincinnati	152	58	9,100,000	21,448,700	141,110	2.36
Kansas City	NA	NA	NA	NA	NA	NA
Milwaukee	154	59	19,000,000	39,450,268	256,171	2.08
Minneapolis	78	63	7,300,000	17,076,797	218,933	2.34
Pittsburgh	95	23	8,384,225	19,305,109	203,212	2.30
St. Louis	130	98	10,000,000	24,900,000	191,538	2.49
Toledo	63	87	6,000,000	13,250,000	210,317	2.21
Kenmore/Tonawanda	21	50	1,731,274	2,098,809	99,943	1.21
Orchard Park	8	25	1,000,000	1,079,255	134,907	1.08
West Seneca	10	40	1,100,000	3,396,000	339,600	3.09
Williamsville	13	15	1,600,000	4,593,307	353,331	2.87
MEAN (Public)	68	61%	6,246,577	$14,037,926	$205,433	$2.25
MEAN (Urban)	96	63%	8,690,956	$19,660,968	$204,802	$2.26

* Excludes Makowski School because it has not yet opened.

** Costs include custodial, grounds and maintenance for all district buildings including schools.

NA = Not available.

- Management Information Systems (MIS)

  The Commission found that BPS management information systems are more than a decade behind in technological capability with limited access to personal computing among some staff areas. MIS systems provide limited staff access to management information. Much BPS data is still gathered and stored manually, and duplication of data compilation effort is common.

  BPS operates two mainframe management information systems, with overlapping capabilities: one located in City Hall and the other operated through the Board of Cooperative Educational Services (BOCES). BOCES organizations, formed throughout New York in 1948, are independent extensions of the state's local school districts. They were developed to provide shared services, which individual districts could not provide as efficiently or economically. The Instructional Division does not use internal MIS services for a significant portion of its MIS needs, choosing instead to contract directly with BOCES for MIS services. This is primarily due to the instructional division's perception that the internal BPS function lacks the necessary level of responsiveness and capabilities, and that BOCES has proven to be a good provider of these services. There are no synergies related to sharing information in the two systems, and double data entry is required in many instances. Therefore, the cost of operating the two systems is high relative to the cost of operating one integrated system.

  The system generates virtually no aggregate school-level financial information. Personnel information related to the 7,798 employees and substitutes is stored in manual, paper-based records. The current transportation routing system (soon to be upgraded) for buses is comprised of yarn stretched across pins on a map.

  The technological limitations of BPS's systems are compounded by a lack of coordination and priority-setting by those responsible in management. Management of MIS is split among each of the three divisions of the BPS (i.e., Instructional Services; Finance, Personnel and Administration Services; and Plant Services and School Planning), with little coordination of the independent divisional efforts. Information is developed primarily for use at administrative headquarters. There appears to be a reluctance to gather or disperse data that might lead to questions about current operations.

- Inventory and Distribution

  BPS warehouse and distribution operations, located in the Service Center complex, were found to be inefficient. Without any integrated system for purchasing, storage

and distribution, and inventory management, supplies often take weeks or months to be delivered. Inventory and equipment records are maintained manually. Performance measures related to service levels and costs are absent, and reordering based on an automatic forecast of future needs is not effectively utilized. The cost of managing BPS's school supply and maintenance inventory is almost as high as the value of the inventory itself. It costs BPS 88¢ to order, warehouse, pay for, and deliver $1.00 of inventory to the school locations. Thus, purchasing and handling account for 88% of BPS inventory costs, compared to a typical retail operation of under 6%.

B. Additional Factors

There are three major factors beyond the full prerogative of the BPS Board and administration that further challenge their management effectiveness.

- Labor agreements
  As with many public sector labor/management situations, BPS's contracts with its labor unions were negotiated under different conditions and some provisions in those contracts appear to be causing problems as times have become more difficult. For example, the contract with the BPS stipulates that the maximum number of classroom periods that an academic high-school teacher can teach in one day is five (3 hours and 20 minutes/day actually in class) out of eight periods, resulting in teachers being underutilized in such duties as lunch room monitoring rather than classroom teaching.

- State requirements that specify procedures for using funds
  A divisional organization structure has evolved within BPS in which departments and positions are organized on the basis of sources of funding, rather than on the results the funding is intended to produce. Staff often feel that they must be more responsive to the grant funding entity than to their BPS supervisor. For example, line administrators in the Instructional Services Division have observed repeatedly that bilingual education is delivered by at least two separately funded staffs, causing problems in the coordinated delivery of these services.

- The federal court
  BPS operates under a desegregation plan approved by the federal court which, to date, the Commission estimates to have cost BPS more than $100 million in transportation alone during the past decade. This plan has been the principal determinant of some specific, major areas of district decision making. For example, the Board of Education recently approved a staff recommendation to reduce the need for up to 91 teacher aide

positions at Early Childhood Centers. The federal court ordered reinstatement of all the teacher aide positions. Because of this court order, the BPS has more authority to eliminate teachers than teacher aides. Table 1.4 illustrates the ratio of students enrolled per teacher aide in the peer school districts.

TABLE 1.4

PEER SCHOOL DISTRICT STUDENT/TEACHER AIDE RATIO
1993-94

School District	Students Per Teacher Aide
Buffalo	40
Rochester	50
Syracuse	28
Cincinnati	54
Kansas City	59
Milwaukee	81
Minneapolis	182
Pittsburgh	88
St. Louis	96
Toledo	107
Kenmore/Tonawanda	96
Orchard Park	104
West Seneca	220
Williamsville	46

The federal court also has mandated processes related to staff hiring which have overruled the Board on specific policies, including minimum teacher qualifications and special education staffing.

C. Education Results

BPS student educational achievement, while generally similar to those of other urban school districts, is disappointing overall. See Table 1.5. BPS's Scholastic Aptitude Test (SAT) scores continue to inch downward from a combined math and verbal score of 804 in 1988 to 786 in 1993. The national average remained almost flat, moving from 904 to 902 during the same period. While the BPS does not keep data on graduation rates, the Commission notes that fewer than one in five graduates obtain a regents diploma. Local colleges and universities are increasingly forced to offer high-school level course work to prepare entering freshmen for freshman level course work.

TABLE 1.5

PEER SCHOOL DISTRICT EDUCATIONAL RESULTS COMPARISON

School District	Attendance (%)	SAT Scores Math/Verbal Combined *	% of High School Graduates Receiving Regents Diploma
Buffalo	92	786	19
Rochester	89	788	16
Syracuse	92	856	28
Cincinnati	89	907	N/A
Kansas City	NA	942	N/A
Milwaukee	81	961	N/A
Minneapolis	87	991	N/A
Pittsburgh	87	NA	N/A
St. Louis	89	786	N/A
Toledo	92	912	N/A
Kenmore/ Tonawanda	95	918	46
Orchard Park	96	931	56
West Seneca	95	890	53
Williamsville	95	965	54

* Students in Midwestern school districts usually take the ACT test rather than the SAT. The SAT and ACT are standardized tests often required as part of the college admissions process.

NA = Not available

N/A = Not applicable

V. FINANCIAL FRAMEWORK FOR REVIEWING COMMISSION RECOMMENDATIONS

A. Financial Overview

The 1994-95 BPS budget is estimated to be $416.8 million, which is 10% higher than 1993-94 expenditures. The following (Table 1.6) is a comparison of the 1994-95 estimated budget vs. the 1993-94 actual revenues and expenditures.

TABLE 1.6

COMPARISON OF 1993-94 ACTUAL TO 1994-95 BUDGET ($ MILLIONS)

	Actual 1993-94	Budget 1994-95	% Chg	93-94 % of Total	94-95 % of Total
Revenues:					
State	$262.6	$290.9	11%	64%	70%
City	58.8	58.8	0	14	14
Federal*	43.8	36.1	(18)	11	9
County	25.0	25.5	2	6	6
Misc.	22.2	5.5	(75)	5	1
Total	$412.4	$416.8	1%	100%	100%
Expenditures:					
Instructional	$233.4	$249.1	7%	62%	60%
General Support	43.7	57.8	32	12	14
Pupil Transportation	24.2	25.9	7	6	6
Employee Benefits	67.2	71.8	7	18	17
Debt Service & Capital	9.9	11.8	19	2	3
Misc.	0.4	0.4	0	0	0
Total	$378.8	$416.8	10%	100%	100%

* Note: This funding decrease represents accounting methodology and timing differences in BPS estimates rather than a decrease in federal revenues.

B. Revenues

The Commission has analyzed the current financial position of the BPS, and has identified significant risks associated with future revenues:

- State Aid
  BPS is heavily dependent on New York State aid. In light of the current fiscal crisis in the State (i.e., a projected $5 billion deficit in the state budget for 1995-96) and the Governor's 1995-96 budget recommendation, which includes a $1.3 million (.5%) increase over the current BPS budget, it is unlikely that the BPS will receive funding increases in the future at the same level as in the past. Even the current level of funding is at risk.

- City of Buffalo Funding
  The BPS also depends on the City of Buffalo for funding. The City of Buffalo, with a continuing structural deficit in its general operating budget, also is in the midst of a fiscal crisis. The City is projecting a $4 million budget deficit for the current fiscal year and a gap for 1995-96 of over $25 million, and -- as a result -- the City administration has asked all departments to reduce their 1995-96 budgets by 10%. Thus, significant (or any) increases in funding for the BPS from the City appear remote; even the 1994-95 funding level ($58.8 million) cannot be assured for 1995-96.

- Federal Funding
  The 1990 census data reflect that New York State's share of the U.S. population is decreasing. Consequently, federal funds for education should be expected to follow this population shift over time. There also may be less available to all regions, given the federal deficit and the new Congress's approach to dealing with it.

- Erie County
  Erie County sales tax revenue, while providing a relatively stable source of funds in the future, will not make up for revenues lost in other categories because Erie County sales tax makes up only 6% of revenues.

- Miscellaneous Revenue
  Miscellaneous revenue was $22.2 million (i.e., $15.8 million accrual to fund the Buffalo Teachers Federation settlement and miscellaneous charges for services of $6.4 million) in 1993-94 or 5% of the BPS revenues. The vast majority of this was non-recurring.

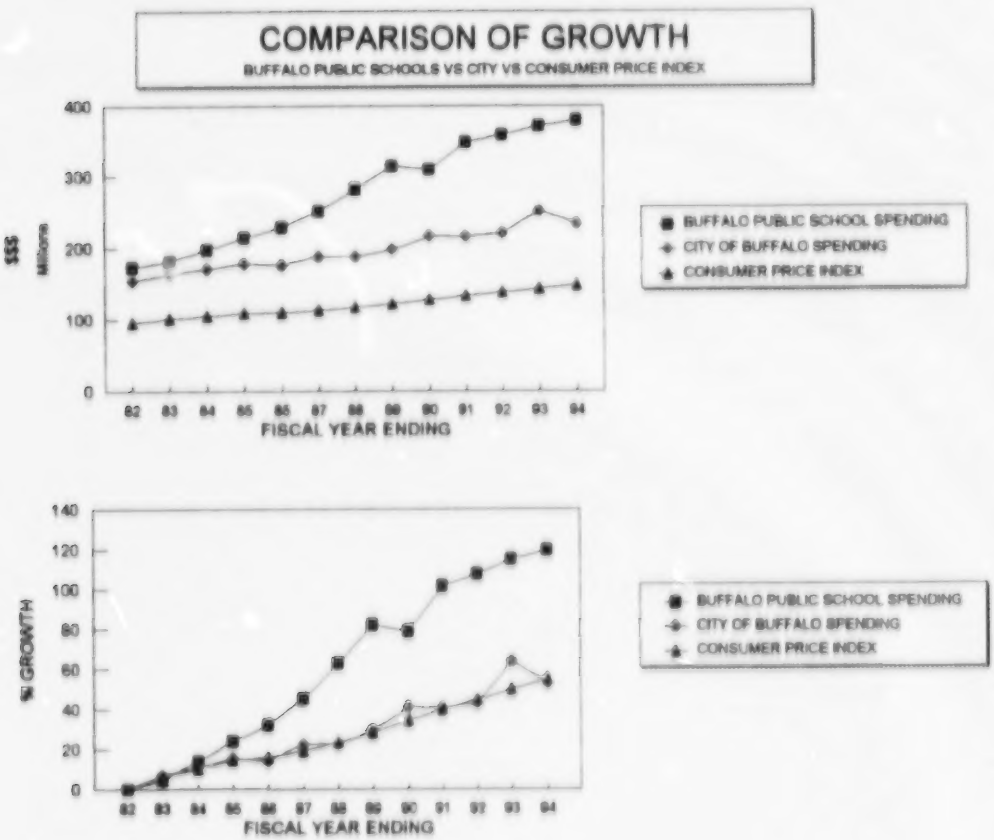
C-1. Expenditures: Background

The Commission's analysis of the trends in BPS staff and other expenditure highlights follow:

- Between 1982 and 1994, BPS expenditures grew by 120%, while the City of Buffalo general operating expenditures and the Consumer Price Index each grew by 50%, as shown in Table 1.7 .

TABLE 1.7

SPENDING GROWTH COMPARISON
FISCAL YEARS 1981-82 TO 1993-94



- While BPS student enrollment has been virtually flat since 1982, there has been significant growth of BPS staff. Between 1982 and 1994, staff increased by 1,343 while the number of students increased by 369. This represents a 25% increase in staff over the period, while enrollment increased 1% during the same time. See Table 1.8. This increase in staffing costs an additional $50.8 million annually.

- The 25% BPS staff growth has impacted all areas of the organization. However, elementary and secondary classroom teacher positions increased by only 19% (see Table 1.8). The number of teacher and bus aides increased by 54% over the period, principally due to an increase in state mandated special education and remedial needs services.

TABLE 1.8

STAFF GROWTH COMPONENTS
1981-82 TO 1994-95

CATEGORY	1981-82	1994-95	% Change
Regular Classroom Teachers	1,883	2,232	19%
Special Area Teachers	1,081	1,336	24
Full Time Aides	910	1,398	54
Support Staff	1,548	1,832	18
TOTAL STAFF	5,422	6,798	25%
TOTAL STUDENT ENROLLMENT	47,174	47,543	1%

- The most recent Buffalo Teachers Federation (BTF) contract settlement resulted in:

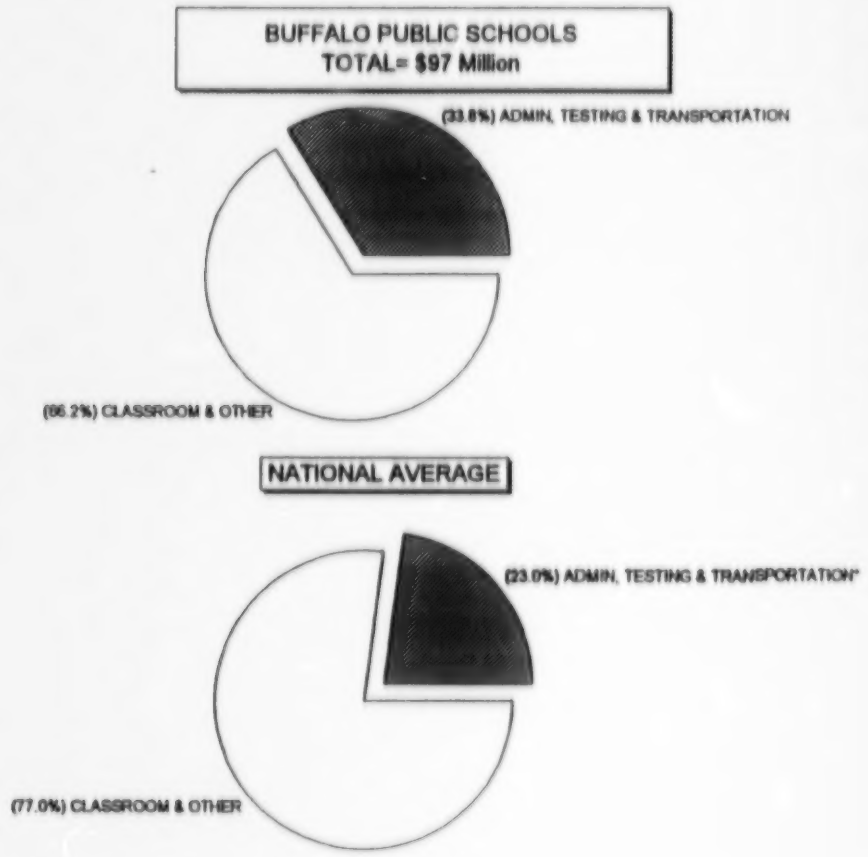
  - An increase in teacher salaries of 20% for 1994-95, and 6% for 1995-96. There had not been a cost of living increase in the four years previous to the 1994-95 20% raise. However, other contract required raises had been given every year during that period, and averaged 4% to 8% per year for most teachers with fewer than five years of service and 0%-3% for employees with 15 to 31 years of service. Raises for college credits earned also were given every year during that period. The cost of these contract required raises, based on longevity and education, is offset by savings realized from retirees, who were compensated at the top of the salary scale, being replaced by new teachers at the first step.

  - The BTF lawsuit against the Board for back pay for the 1990-94 period remaining unresolved. Because of this, there is a pending liability that could be as high as $121 million, plus interest, according to the BPS' audited financial statements for 1993-94.

- Spending on special education administration and transportation is high, relative to national norms (see Table 1.9). The national average for per pupil spending on special education administration and transportation is 19% to 23% of total special education spending. In the BPS, 34% of special education spending goes into administration and transportation.

TABLE 1.9

SPECIAL EDUCATION ADMINISTRATION AND TRANSPORTATION SPENDING 1993-94



*NOTE: The National Average is 19%-23%. The Commission used 23% as the most conservative estimate.

- Many of the BPS expenditure related findings of the Commission also exist in other urban school systems in New York State. Between 1980 and 1991, annual school spending in NYS grew by $11 billion. This growth in education spending is about twice the rate of inflation over the same period. New York State spending per pupil is 47% above the national average (see Table 1.10).

TABLE 1.10

PUBLIC SCHOOL COST PER PUPIL
1992-93

	Average Cost Per Pupil	% Above National Average
Buffalo	$7,600	21%
New York State	9,193	47
Nation	6,269	-

C-2. Expenditures: Projections

The Commission has analyzed BPS' expenditures outlook and anticipates significant continuing, although unquantifiable, increases in the following areas:

- Instructional spending
  Instructional spending includes the cost of teachers, instructional administrators, instructional support staff, pupil services, and special education and compensatory programs. This category will continue to grow as the impact of the 20% teacher raise in 1994-95 and the additional 6% raise for 1995-96 impact instructional spending.

- General support
  General support expenditures include the cost of administrators and support staff in non-instructional functions including MIS, human resources, finance, purchasing, evaluation, food services, labor relations, inventory, and building and grounds. Several union contracts are unsettled in this area. In subsequent years, current growth trends will persist unless improvements in administration are implemented.

- Pupil transportation
  Pupil transportation expenditures are comprised of the costs associated with transporting the BPS student population, including vehicle maintenance. Increases are contingent upon cost of living adjustments in the busing contracts, the outcome of rebidding busing contracts, and the number of students transported.

- Employee benefits
  Employee benefits costs are the second largest component of the BPS budget. Without negotiated contract changes, continued growth is anticipated for future periods as health care costs rise and as new retirees are covered.

- Debt service & capital, and miscellaneous
  These expenditures comprise only 2% to 3% of the budget and are not expected to comprise a more significant portion of future budgets.

- Salaries and benefits
  Salaries and benefits totaled $285.3 million or 75.3% of BPS expenditures in 1993-94.

D. Projected BPS 1995-96 Budget Gap

Federal, state, and local funding constraints are likely to persist for some time. Therefore, it is unlikely that the BPS can continue its spending growth at historical levels, at least through the five year assessment period. In fact, it appears that funding may decrease in actual dollars for the fiscal year 1995-96, at the same time that expenditures are forecast to grow above the rate of recent years.

As noted in the BFPC assessment of the City of Buffalo's general operating budget, reduced services such as public education and/or higher taxes on residents and businesses may balance budgets in the short run; however, they will erode Buffalo's economic base as citizens and businesses, who have a chance, leave for other locales with lower taxes and better public services, including the public school districts. As a direct result, Buffalo's fiscal condition will deteriorate.

Thus, the BPS can only cut programs to reduce its expenses and/or reduce the cost of delivering its programs by improving the efficiency of those programs and related operations. Also, the City could raise taxes. The Commission believes that all opportunities for management to generate measurably greater BPS cost efficiency should be exhausted before program cuts are implemented, or taxes are raised. The specific recommendations contained in this report should be carefully assessed by the BPS Board and administration, with the magnitude of the projected 1995-96 budget gap clearly in mind. See Table 1.11.

TABLE 1.11

BPS CHANGES IN REVENUES/EXPENDITURES
FOR FISCAL YEARS 1994-95 VS 1995-96
($ MILLIONS)

Revenue Increases/(Decreases):	
Growth in share of sales tax revenue	$0.5
City allocation from general fund budget	0 - (5.9)*
State aid **	1.3
Projected Revenue Increase/(Decrease)	**$1.8 - (4.1)**
Expenditure (Increases)/Decreases:	
1995-96 salary/fringe cost of BTF settlement	$(47.3)
Elimination of need for contingency account for BTF settlement	11.1
Health insurance savings from BTF settlement	2.0
Negotiated raises for other unions	(2.2)
Raises for unsettled contracts	0 - (3.0)
Normal inflation impact on health care, transportation, utilities, supplies, contracts	(4.0)
Incremental cost of opening the new Early Childhood Center	(3.5)
Projected Expenditure Increase	**$(43.9)-(46.9)**
Projected Budget Gap Created By Changes In Revenues and Expenditures	**$(42.1) - (51.0)**
Less Available Resources to Offset Budget Gap:	
Prior years' accumulated reserve for raises	$12.0
Portion of retroactive building aid	3.5
1995-96 Projected Budget Gap	**$(26.6) - (35.5)**

* Assumes a best case of maintenance of the current allocation and a worst case of a 10% cut from the current allocation.

** Based on the Governor's 1995-96 recommended budget vs. BPS's 1994-95 adopted budget.

VI. BPS PROFILE

The BPS is a very large and complex operation which requires superior management to maintain efficiency, effectiveness, and optimal use of resources. The following examples illustrate this point.

- The BPS is the largest school district in New York State outside New York City with a total 1994-95 budget, excluding capital projects, of $416.8 million (see Table 1.6). Student enrollment is 47,543 in 1994-95.

- The BPS transportation department operates 578 buses, which is more buses than any entity in the State of New York, outside New York City. The Niagara Frontier Transportation Authority, for example, operates only 354 buses.

- The BPS facilities maintenance and grounds operation is responsible for approximately eight million square feet of space and has a 1994-95 budget of $21.0 million.

The BPS is one of only five dependent school districts in New York State. This means it has no direct property tax levying authority, but instead relies on the City of Buffalo to annually appropriate, from its general operating budget, tax and other revenues it levies and collects. In 1993-94, the City of Buffalo provided $58.8 million (14%) of the BPS' $412.4 million of total revenues, and is maintaining the same dollar level of funding in 1994-95. Thus, city officials, as well as the Board and Superintendent, are involved in BPS strategic planning and macro resource allocation. However, the current dealings between schools and city officials are not open or close enough. The immediate fiscal condition and outlook of both entities require an especially close working relationship, one which should be retained and refined over time.

The BPS has 6,798 employees and utilizes 1,000 substitute teachers and substitute teacher aides. Eight bargaining units, representing 7,735 employees and substitutes, negotiate union contracts with the BPS. The composition of employee union affiliations follows:

- Buffalo Teachers Federation (BTF): The BTF represents certified teachers and a number of teachers in administrative and support positions, such as guidance counselors, librarians, psychologists, social workers, etc. The BTF has 4,025 members.

- Buffalo Council of Supervisors and Administrators (BCSA): The BCSA represents all but two of the BPS administrators below the associate superintendent level including principals, assistant principals, directors, supervisors, project administrators, assistant superintendents, and coordinators. All members of the BCSA are certified teachers. Current membership is 235.

- Buffalo Educational Support Team (BEST): BEST represents 1,251 hourly members serving the BPS as teacher/school aides.

- Professional, Clerical, Technical Employees Association (PCTEA): PCTEA represents 511 civil servants in over 100 different, generally white collar, civil service job classifications.

- Local 264, American Federation of State, County and Municipal Employees (Local 264): Local 264 represents 202 blue collar workers in over 45 different civil service job titles.

- Local 409, International Union of Operating Engineers (Local 409): Local 409 represents 73 civil service engineer/custodians. In addition, Local 409 negotiates with the Local 71 union that represents approximately 600 staff employed by the engineer/custodians to clean the schools and maintain the grounds. These Local 71 staff are not considered BPS employees as they do not have a contract with BPS.

- Substitutes United Buffalo (SUB): SUB represents 1,000 substitute teachers and substitute teacher aides.

- Transportation Aides of Buffalo (TAB): TAB represents 438 hourly bus aides.

In addition to union personnel, the BPS employs 57 skilled tradespeople (i.e., plumbers, carpenters, electricians, etc.), who are paid the prevailing private sector union wage for their particular trades.

The remaining six employees are not covered under a bargaining agreement with any of the eight BPS unions: the Superintendent, three Associate Superintendents, the Executive Assistant to the Superintendent, and the Director of Labor Relations.

The BPS operates 78 schools. There are 20 magnet schools, 6 academic high schools, 6 vocational high schools, 12 early childhood centers (grades pre-K through 2), 17 academies (grades 3 through 8), 12 neighborhood schools (grades pre-K through 8), and 5 special use schools. The special use schools are comprised of a school for the physically handicapped, a school for pregnant students, a school for behaviorally disadvantaged students, a school for trainable mentally retarded students, and a school for students sentenced to detention time by the courts. The average age of the BPS buildings is 65 years, with the oldest building being 107 years old and the newest scheduled to open in September 1995. Three were constructed within the past 20 years. Commission staff and volunteers were favorably impressed with the condition of a majority of facilities.

In addition to serving BPS students in the 78 schools, the BPS is responsible for meeting the special education and remedial needs of eligible students in the city's private and parochial schools. The district contracts with outside agencies to provide services for some of its students with special physical or emotional needs.

VII. CITY CONDITIONS

Buffalo is a poor city by both national and regional standards. According to the 1990 census, median household income of $18,482 was higher than that of only three of the 100 largest cities in the U.S., and was more than 30% below that of the median city. While the WNY regional economy has grown, the City itself has had above average stagnation. Adjusting for inflation, the City's median household income has grown by only 0.2% since 1950. The percentage of Buffalo households receiving public assistance is 18.5%, the 6th highest among the 100 largest U.S. cities. The percentage of families below the poverty level is also high at 21.7%, the 8th highest of the 100 largest cities and nearly 50% higher than the average for those cities. The percentage of Buffalo families below the poverty level has nearly doubled since 1970. With only 10.7% of households having incomes of $50,000 or more, Buffalo outranked only two of the 100 largest cities.

Buffalo's status as a poor city is reflected by the number of students who are economically disadvantaged. According to the BPS, 82% of the student population is eligible for the BPS' free or reduced price lunch programs because they are near or below the poverty level.

Other serious challenges exist for the BPS that relate indirectly to the economic conditions of city residents. These include:

- Student transiency
  An average of one in four students relocates to a different school during each academic school year. At some schools, as many as 70% of the students relocate during a school year.

- Language barriers
  The student population is diverse, with 6 out of every 100 students qualifying for special services as a Limited English Proficiency student. English is not the primary language of an increasing percentage of the student population, and BPS staff must provide language services in 25 languages in addition to English.

- Challenged student population
  In 1993-94, almost one-half (47%) of the BPS student population was identified as either students with handicapping conditions (13%) or students requiring supplemental instruction services (34%). The number of students identified as requiring such supplemental instruction services has tripled since the 1989-90 fiscal year, as shown below in Table 1.12. Table 1.13, following Table 1.12, shows that programs for students identified in these categories are more costly than programs for non-identified students.

TABLE 1.12

GROWTH IN STUDENTS IDENTIFIED WITH SPECIAL NEEDS
1989-90 TO 1993-94

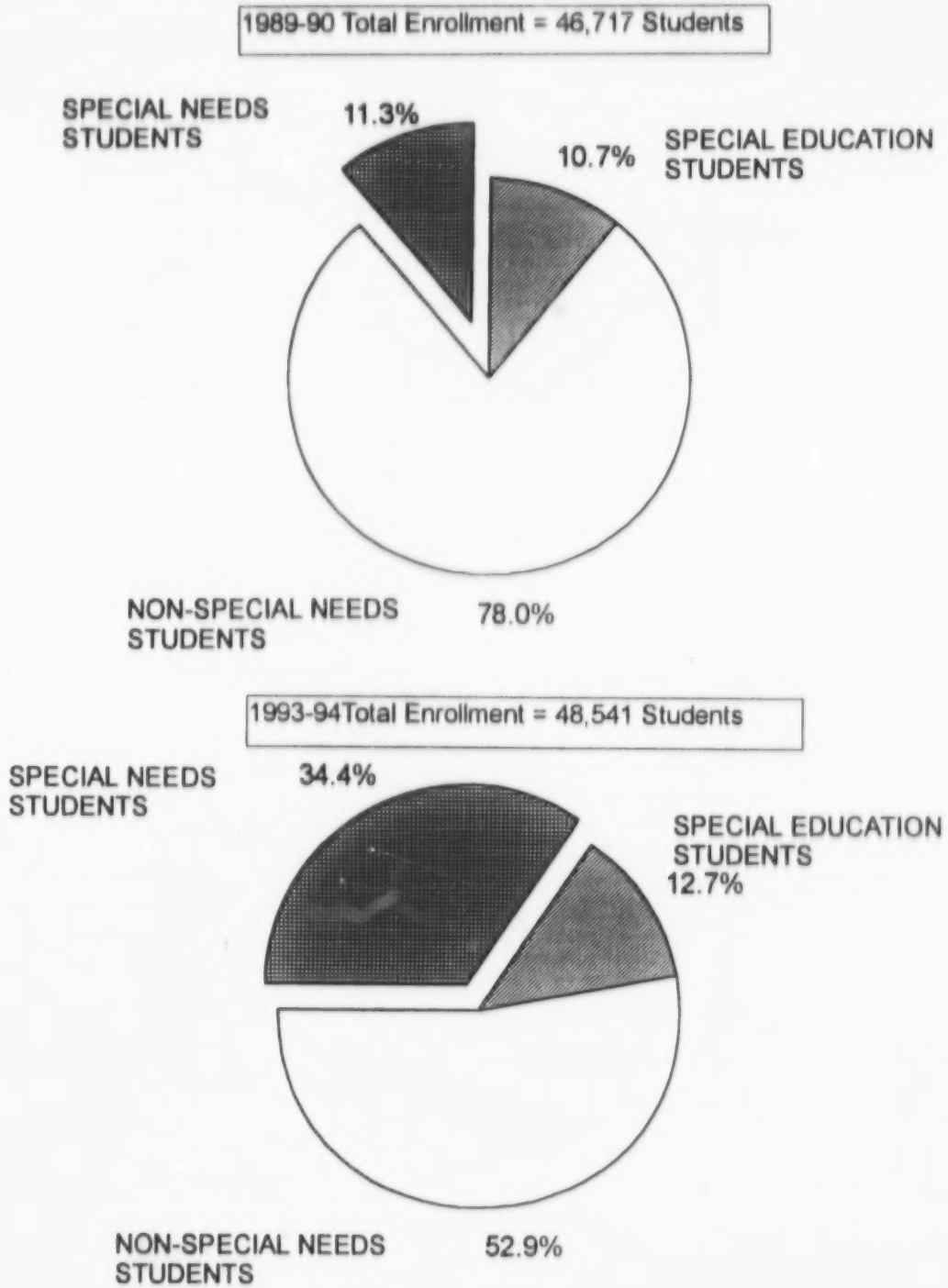


TABLE 1.13

EXPENDITURES BY STUDENT TYPE
1993-94

STUDENT TYPE	Number of Students	Total Dollars Spent	Average Dollar Spending Per Student By Type
Non-Special Need Students	25,690	$137,499,998	$5,352
Special Need Students:			
Students Requiring Supplemental Instruction Services	16,678	$144,204,388	$8,646
Special Education Students:			
Educated Within District	5,773	90,007,838	15,591
Educated Outside District	400	7,051,648	17,629
Sub-total Special Need Students	22,851	$241,263,874	$10,558
DISTRICT TOTAL *	48,541**	$378,763,872	$7,803

* Excludes capital projects expenditures.
**Includes 400 special education students educated outside the district.

VIII. PROCESS

The BFPC's first task was to gather the information necessary to perform a complete analysis of BPS conditions and trends. Beginning in February 1993, the Commission sought this information from the BPS administration. The administration provided the last of what was requested on April 15, 1994, and on May 2, 1994, staff and volunteers were able to begin the Commission's work in earnest.

The Commission's information gathering phase included input from hundreds of people -- teachers, principals, school administrators, Board of Education members, education experts, community leaders, and parents. Also, separate meetings were held with BPS' seven union leaders.

During the fall 1994, the results from the multi-faceted information gathering activities were analyzed. From them, preliminary findings and recommendations were developed in the areas of instructional services; finance, personnel and administrative services; plant services and school planning; and labor relations, compensation, and benefits. Draft recommendations were presented to the full Commission in January and February 1995, with the final recommendations unanimously approved by the Commission (whose members are listed on the following page) on March 15, 1995.

IX. COMMISSION MEMBERSHIP

In order to consider a wide spectrum of views and ideas and to develop fair and reasonable recommendations which, taken together, can be supported by a diverse community coalition, the Commission membership includes a broad range of Buffalo constituencies -- elected and appointed City officials, business and organized labor leaders, and other recognized leaders from the community and academia. The Commission members are:

Co-Chairmen
Charles M. Mitschow, Chairman, Marine Midland-Western Board
Robert G. Wilmers, Chairman, President, and CEO, M & T Bank

Members
Sal H. Alfiero, Chairman, Mark IV Industries, Inc.
J. Keith Alford, President & CEO (Retired), Adam Meldrum & Anderson Co., Inc.
James W. Burns, Confidential Aide to the Mayor, City of Buffalo
David N. Campbell, Chairman & CEO (Retired) - Computer Task Group, Inc.
Lawrence P. Castellani, President & CEO, Tops Markets, Inc.
Harold H. Connor, President, Business Computer & Software
Richard E. Garman, President, Buffalo Crushed Stone, Inc.
Northrup R. Knox, Chairman, Marine Midland Bank
Rosemarie LoTempio, Council Member-at-large, Buffalo Common Council
James B. Milroy, Director of the Budget, City of Buffalo
James S. Pajak, Chief Accountant, City of Buffalo
Carl P. Paladino, President, Ellicott Development Company
Donald P. Quinlan Chairman & CEO (Retired)- Graphic Controls Corp.
F. C. Richardson, President, State University College at Buffalo
Charles V. Ruff
Louis J. Thomas, Director, United Steelworkers of America - District 14
Sister Sheila Marie Walsh, Sisters of Mercy, Buffalo Regional Community
Dale L. Zuchlewski, North District Council Member, Buffalo Common Council

Staff direction for the BFPC's work was provided by the Greater Buffalo Partnership.

The Commission extends its deep appreciation to its staff and volunteers--and to their employers--as well as to the BPS personnel (board, administrators, teachers, and other staff) who assisted throughout the process. A listing of the BFPC staff and volunteers is included as Appendix A to this report.

APPENDIX A

APPENDIX A

BUFFALO FINANCIAL PLAN COMMISSION STAFF AND VOLUNTEERS

Project Director: Bruce A. Boissonnault, Greater Buffalo Partnership

PRINCIPAL STAFF

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Luke Rich
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Clint Brown Co. Architecture

Charlie Barger
North American Administrators

Joseph Bruzga
Damsl Corporation

Tony Bonaventura
Feeley, Bonaventura & Hyzy

Maureen Burns
M & T Bank

Raymond Bonnard
Studio Arena Theater

Herbert Cadel
Grover Cleveland High School

Gregg Borland
Four Corners Abstract

Kathleen Campbell
SUNY at Buffalo

Patricia Campbell
SUNY at Buffalo

Chris Collins
Nuttal Gear

Brian Conaway
Robert Half International

George Cotroneo
City of Buffalo

Michael Courneen
Inteligis Corporation

Craig Coyne*
Greater Buffalo Partnership

John Crawford
Wilson, Klaes, Brucker & Worden

Richard Cudeck
SUNY at Buffalo

Mary Davis
Buffalo State College

Stephen DeMarie
Dixon, DeMarie & Schoenborn, P.C.

Larry Drake
Graphic Controls Corp.

Dennis Elsenbeck
Niagara Mohawk Power Corp.

Robert Fleming, Jr.
Hodgson, Russ, Andrews, Woods & Goodyear

Kenneth Friedman
Hodgson, Russ, Andrews, Woods & Goodyear

Samuel Gifford
Delaware North Companies

John Grace
Calspan Corporation/ATC

Tyler Grace, III
Bardeen's Inc.

Allen Grell
McManus-Peard-Gesl, Inc.

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DuPont Chemicals

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APPENDIX B

APPENDIX B

BUFFALO PUBLIC SCHOOLS
RECOMMENDATIONS FROM STUDIES UNDERTAKEN
PRIOR TO THE COMMISSION'S ASSESSMENT
1982-1994

List of Prior Studies:

1. Report on Fiscal and Managerial Practices, September 1982
2. Deloitte Haskins & Sells and the Superintendents Management Advisory Committee Effective Mgmt Program, 1985.
3. Price Waterhouse School Board Budget Review, April 1989.
4. The Commission on Quality Education in Buffalo, January 1991.
5. Common Council's Committee on Computer Consolidation, June 1991.
6. The Buffalo Financial Plan Commission Five Year Financial and Management Plan for the City of Buffalo, February 1993.
7. Greater Buffalo Development Foundation/Buffalo Public Schools Accountability Task Force, 1991-1992
8. State Education Department Management System Review Report, June 1993
9. State Comptroller's Report of Examination, as of March 11, 1994, dated April 1, 1994
10. State Comptroller's Report of Examination, as of August 31, 1994, Dated October 14, 1994

1. Report on Fiscal and Managerial Practices, September 1982

		Major	Minor
A. Budgeting & Data			
1. Adopt a Program Budget Structure.	1.		x
2. Develop Budget Document which serves as a communication vehicle.	2.		x
3. Incorporate all budgets into one meaningful control document.	3.	x	
4. Prepare & Disseminate a budget message before commencement of formal process.	4.		x
5. Series of contingency budgets should be developed annually.	5.	x	
6. All presentation of data regarding the school system should be cleared through the same database.	6.		x
7. The budgetary function should be a part of every manager's role. Administrators should be given more latitude and encouragement to allocate resources in ways to improve efficiency.	7.		x
B. Organizational Structure			
1. Reduce staff at all levels, especially among certified personnel.	1.	x	
2. The number of principals and asst. principals in the school system should be reduced.	2.		x
3. Consider staff reductions in special education.	3.		x
4. The central office staff personnel should be reduced.	4.		x
5. The number of teachers assigned to administrative tasks should be reduced.	5.	x	
6. A complete salary structure evaluation is needed including assessments of job duties, roles, responsibilities and authority levels. Clear guidelines and limits need to be established for transferring experienced personnel from one function to another where that experience is of questionable value.	6.	x	
7. The three director of personnel positions should be merged into two and the two supervisor positions merged into one.	7.		x
8. Eliminate one full time person presently assigned to the substitute teachers desk.	8.		x
9. Increase the repair responsibility of custodial engineers.	9.		x
10. Change division name from Finance, Research and Personnel to Finance, Budget and Business Management. And realignment of functions should be considered.	10.		x
11. Plant maintenance dept. should establish a new position of supervisor of professional tradesmen and eliminate 4 existing supervisors.	11.		x
12. Clarify jurisdiction for school maintenance.	12.	x	

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C. Managerial Development			
1. Establish Policy wherever applicable to hire some administrators from outside the school system.	1.	x	
2. Training and tuition credit programs should be established for administrative personnel.	2.		x
D. Planning & Goals			
1. Adopt a long range planning period.	1.	x	
2. Operational goals should be established and delegated throughout the organization. Goals should be clearly articulated, prioritized and allow for input from lower administrative levels.	2.	x	
3. The dept. of plant construction and reconstruction should assume a greater planning responsibility toward future demands on the schools' infrastructure.	3.		x
E. Computerization			
1. Utilize BOCES computer services or utilize the city's computer services.	1.	x	
2. Work volume could be greatly reduced through computerized record keeping in personnel, especially paperwork.	2.	x	
F. Control			
1. Require reports from custodians regarding the cost of service performed and audit the report.	1.	x	
2. Develop a cost estimating system for repairs in the service center as an aid in decision making and an analysis of productivity.	2.		x
3. Establish a purchasing control system.	3.	x	
G. Purchasing			
1. Bidding procedures should be changed to allow for a more competitive bidding process.	1.	x	
2. Initiate a standardization program for inventory.	2.	x	
3. Develop a purchasing manual and review the purchasing cycle.	3.		x
4. Study the workload situation in order to reduce the effects of seasonality in the purchasing dept.	4.		x
5. No recommendation could be made regarding the suggestion of consolidation of the city and BOE purchasing departments.	5.		N/A
H. Miscellaneous			
1. The dept. of plant construction and reconstruction should continue the use of outside contracting as a means to save costs and increase efficiency.	1.		x
2. There should be a greater reliance on outside contracting for capital work.	2.	x	
3. Intensify the energy conservation campaign to reduce utility costs.	3.	x	
4. Re-evaluate wage rates and formula rates for services provided by custodial engineers.	4.		x
5. Re-examine the present system of bidding for vacancies to lower turnover rate of engineers.	5.		x
6. Reduce the backlog of work repairs.	6.		x

KEY
SHADED: Items that the BPS has effectively addressed.

2. Deloitte Haskins & Sells and the Superintendents Management Advisory Committee Effective Mgmt Program, 1985.

A. Data Processing

1. Establishment of a user needs committee should be a high priority for the district.	1.	x	
2. Complete development of system documentation and operating guides/manuals.	2.		x
3. Clarify the department structure and provide improved opportunities for staff advancement. Enhance management structure to accommodate needs of growing organization.	3.		x
4. Complete conversion of new hardware and operating system and modernization and enhancement of existing applications. Develop new applications as needed.	4		x

B. Organization Studies: General Administration and Instructional Services Division.

1. Increase responsibilities of Executive Asst. to the Superintendent to include Public, Community, Court and Government relations.	1.		x
2. Consolidate integration and school integration dept. and transfer to division of Instructional Services.	2.		x
3. Transfer purchasing dept. to division of Finance and Administration.	3.		x
4. Consolidate administrative responsibilities of all budgeting activities and assign to Division of Finance and Admin.	4	x	
5. Consolidate all office services functions and assign to division of Finance & Admin. (DFA)	5.		x
6. Increase the scope of human resources function and fill vacant position of Asst. Auperintendent.	6.		x
7. Expand the scope of internal audit.	7.	x	
8. Add position of Asst. Superintendent of MIS and expand MIS function.	8.	x	
9. Transfer evaluation function to instructional division.	9.		x
10. Centralize all curriculum and program development functions.	10.		x
11. Consolidate all grants/aid writing activities.	11.	x	
12. Expand staff and functions of pupil personnel services.	12.		x
13. Create a pupil placement services dept. including integration, pupil placement and transfers.	13.		x
14. Establish a central word processing pool for instructional division and consolidate secretarial and clerical functions by department.	14.		x
15. Establish a process for goal setting and performance evaluation.	15.		x
16. Revise the function of the planning and resource allocations dept.	16.		x
17. Consolidate all building maintenance and repair, equipment repair and capital projects/improvements.	17.	x	
18. Consolidate all janitorial and engineering services.	18.	x	
19. Transfer the transportation function to the instructional division.	19.		x
20. Assign a business mgr. or admin. asst. to plant services division.	20.		x
21. Establish formal information and communication procedures.	21.		x
22. Create and disseminate mission statements and goals.	22.		x
23. Establish formal approved job descriptions.	23.		x
24. Develop policies and procedures manuals.	24.		x

KEY
SHADED: Items that the BPS has effectively addressed.

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C. Transportation

1. Establish written set of transportation policies.	1.		x
2. Modify organizational structure to improve ability to carry out objectives effectively.	2.	x	
3. Develop timeframe to utilize one database for transportation purposes.	3.		x
4. Increase the lead time for bidding on upcoming transportation contracts and add non-performance penalties.	4.	x	
5. Develop and enforce an operations schedule for the entire district's transportation needs, utilizing multiple pickups and dropoffs.	5.	x	
6. Phase out operation of the district's transportation fleet, subcontracting this work to an outside contractor.	6.		x
7. Consider phased reduction of bus aides on desegregation transportation after receiving court approval.	7.		x
8. Improve interaction and communication between instructional and transportation personnel.	8.		x
9. Improve efficiency and service.	9.		x

D. Building Maintenance & Repair and the Service Center

Organization Structure

1. Certain job descriptions should be re-written.	1.		x
2. Personnel should develop guidance in the type/degree of performance mgmt which can occur within the constraints of existing collective bargaining agreements.	2.	x	
3. Job/departmental accounting reports should be instituted to ensure consistent performance monitoring.	3.	x	
4. Realigned organization structure is needed, reflecting the importance of business and financial matters.	4.		x

Supervisory Practices

5. Trade group employees should be per diem or salaried.	5.		x
6. BPS should negotiate directly with trades and craftsmen.	6.		x
7. "Acting" title for trade supervisor and above should be allowed no longer than 90 days.	7.		x
8. Job description should be developed for trade supervisors.	8.		x
9. Performance evaluations for trade supervisors should be conducted.	9.		x

Performance Management

10. Plant services should implement a zero based approach to planning, goals and objectives.	10.	x	
11. The Assoc. Superintendent should implement weekly performance review sessions.	11.		x

Work Order Process

12. Feasibility of locating trade foreman at service center should be investigated.	12.		x
13. High number of elementary work orders should be examined.	13.		x
14. Staffing in those trades with highest average days to complete should be investigated.	14.		x
15. Investigate feasibility of purchasing an automated work order management system.	15.		x
16. Examine cost/benefit of contracting out work in areas of few requests.	16.		x

Work Order Management			
17. Develop procedures manual.	17.		x
18. Institute four priority categories for maintenance work.	18.	x	
19. Develop a job cost accounting system.	19.	x	
20. Investigate alternatives for completing work when there are insufficient funds.	20.		x
21. Institute work order form to record cost information.	21.		x
Performance Evaluation System			
22. Track number of work orders for each shop and record labor and material cost.	22.	x	
23. Prioritize work orders.	23.		x
24. Weekly review of new procedures.	24.		x
25. Initiate implementation plan in shops.	25.		x
26. Revise work order form to include labor and material cost.	26.		x
27. Asst. superintendent for service center operations should be responsible for monitoring and evaluating the performance of the service center.	27.		x
28. Service Center supervisor should participate in performance evaluations.	28.		x
29. Establish a procedures manual.	29.		x
User Demand			
30. Service center should notify users when work orders are expected to be completed.	30.		x
31. Cost/benefit analysis of contracting out work should be undertaken.	31.	x	
32. School principals and engineers should be notified when outside contractors will be there to perform work.	32.		x
33. Department by department study of the feasibility of contracting out work should be done.	33.		x
Work Order Process			
34. A work order form should be used to record more complete information.	34.		x
35. The official work order process should be included in procedures manual.	35.		x
36. Quarterly variance reporting should be prepared showing actual budget YTD.	36.		x

3. Price Waterhouse School Board Budget Review, April 1989.

1. Reduce personnel to bring district's staff ratios in line with peer cities.	1.	x	
2. Avoid creation of new programs or expansion of existing programs unless necessary to comply with desegregation mandate.	2.		x
3. Institute more accurate budget projections.	3.	x	

4. The Commission on Quality Education in Buffalo, January 1991.

1. Adopt long term goal of fiscal independence for the Buffalo Board of Education.	1.	x	
2. Comprehensive improvements in space needs planning, a multi-year facilities construction plan, clearer identification of state aid for capital investment in schools and a comprehensive presentation of the capital appropriations request.	2.	x	
3. Buffalo should join in an effort by the big 5 school districts in NY state to reduce the power of the State Ed dept.	3.		x
4. Improved presentation and functionality for the school budget document.	4.	x	
5. Move budget submission deadline to March 1.	5.		x

5. Common Council's Committee on Computer Consolidation, June 1991.

1. Consolidation of mainframe computer platforms within the BOE.	1.	x	
2. The City of Buffalo and the BOE should share computer services to the full extent possible.	2.	x	
3. A committee to oversee efforts related to the sharing of computer services between the City and BOE should be established.	3.		x
4. A cost/benefit analysis of various possible data processing options should be undertaken.	4.		x
5. The Data Processing divisions of the City and BOE should monitor technological advancements to identify future areas of cooperation, sharing or consolidation.	5.		x

6. The Buffalo Financial Plan Commission Five Year Financial and Management Plan for the City of Buffalo, February 1993.

A. Reorganization			
1. Consolidate City of Buffalo and BOE mail rooms.	1.		x
2. Institute a residency requirement for City and BOE employees.	2.		x
B. Information Technology			
1. Re-evaluate the potential for consolidating the City and BOE computer systems.	1.	x	

7. Greater Buffalo Development Foundation/Buffalo Public Schools Accountability Task Force, 1991-1992

A. Goals and Objectives			
1. Orient reporting to evaluate all areas covered by NYS Regents goals and Compact for Learning	1.	x	
2. Organize data around stated goals to assess progress.	2.		x
3. Form partnerships with business community (Buffalo Alliance for Education & SABA)	3.	x	
B. Valid and Reliable Data			
1. Collect various student achievement, participation and demographic data.	1.		x
2. Replace current testing measures with more meaningful and authentic assessment.	2.	x	
3. Perform post graduate analysis.	3.		x
4. Collect data related to goals set forth by the Regents and the community	4.		x
C. Comprehensive Reporting			
1. Present data in a comprehensive and readily usable form.	1.	x	
2. Evaluations should break down data by gender, race and socio-economic status.	2.		x
3. reports should be easily understood, convey comprehensive information, and encourage action.	3.		x
D. Effective Response			
1. Educational Programs should be developed or modified using evaluation and assessment results.	1.	x	
2. Inservice and preservice programs for teachers and administrators should be developed or modified from evaluation and assessment reports.	2.	x	
3. Utilization of evaluation results should be acted upon in a timely fashion with all concerned parties.	3.		x

KEY
SHADED: Items that the BPS has effectively addressed.

8. State Education Department Management System Review Report, June 1993

A. Communication

1. Develop a system of communication that quickly and thoroughly transmits written information to all segments of the district.	1.	x	
2. Develop written procedures and timelines for submitting reports to the Board in a timely fashion.	2.	x	
3. Access to data through computer networking across the district should be provided for staff who need the data.	3.		x
4. Meetings should be held regularly to discuss issues and provide or secure input when planning or implementing programs.	4.		x
5. Review data collection procedures and staff roles, eliminate duplicate offices and roles, establish clear lines of authority between central administration and school principals and review methods used to inform school administrators of their responsibilities related to data collection.	5.	x	
6. Communicate fiscal policies to all staff.	6.		x
7. Schedule regular meetings so that Early Childhood program managers have regular opportunities to meet with managers of bilingual, special education, magnet school program, and upper level managers.	7.		x
8. A staff development committee should be established to coordinate staff development and evaluation procedures.	8.		x
9. The certification and employment offices should have separate staff and records. The process for forecasting staff needs should be coordinated with the personnel office.	9.	x	
10. The district must develop an effective means of communication that would allow the magnet school programs to be more coordinated with other programs in the district. Written policies governing the student selection process should be developed.	10.	x	
11. Establish management policies and procedures for submitting Capital Project financial data to SED for aid claims.	11.	x	
12. Develop and implement a plan to include parents, teachers and the business community in decisions related to school activities and programs.	12.		x
13. Develop and implement a plan for integrating data processing initiatives with other management activities.	13.	x	
14. Efforts and initiatives in instructional technology should be shared widely with school district staff.	14.		x
15. Split-schedule classes in Home and Career skills with Technology Technology in grades 7 and 8.	15.		x
16. Develop and implement a plan for coordinating all compensatory education activities and core curriculum.	16.	x	
17. Staff should be involved in developing core curriculum and compensatory education program goals.	17.	x	
18. Annual meetings with staff and community-based people concerned about student suspensions and transfer requests.	18.		x

B. Planning and Program implementation

1.	Develop a decision-making policy that involves all levels of the district staff.		x
2.	Provide BoE members with training in planning and encourage their involvement		x
3.	Include the work of school psychologists and social workers in in the district guidance plan.		x
4.	Establish clear purposes, processes and timelines for data collection.		x
5.	State certification requirements should be used to fulfill academic and testing requirements		x
6.	Provide magnet school staff with support in maintaining court order for desegregation.		x
7.	Art, music and physical education must be provided in accordance CR 100.3	x	
8.	Develop a plan to foster continuity of instruction across buildings, grades and programs.	x	
9.	Develop a budget and provide developmentally appropriate materials for Early childhood centers.	x	
10.	Computerize work-order system, bus routing and other information systems.	x	
11.	The design and management structure for Data Processing needs to be examined and revised according to application design principles.	x	
12.	Develop and implement a comprehensive district planning process for teaching and learning.	x	
13.	Develop a plan to assure congruence between the core curriculum and compensatory services.		x
14.	Establish a planning group for vocational education.		x

C. Evaluation

1.	Develop a plan for regular student and program evaluation.	x	
2.	District should develop desired outcomes for Pupil Personnel Services.		x
3.	The district should review and report on all data collection and use procedures.		x
4.	New guidelines for transcript and coursework evaluation must be developed in accordance with CR Part 80.	x	
5.	Results of studies should be widely shared among the staff and community.		x
6.	Implement a regularly scheduled building evaluation system in accordance with SED program. Develop a strategy for preventative maintenance.	x	
7.	Ensure that annual employee evaluations are completed.	x	
8.	Interconnect all buildings for computer networking.		x
9.	Establish relational database for student identification and assessment.	x	
10.	Convene all program managers to identify data elements necessary to meet reporting requirements.		x
11.	Establish procedures for checking the validity of data prior to data entry.		x
12.	ILC referral procedures and practices should be reviewed.		x

D. Funding

1. Develop matrix of all RFP's and grants to ensure that funds are received in a timely manner.	1.	x	
2. Promote staff from within to fill key positions.	2.		x
3. Adopt a zero-based budget program using student and program evaluation as a basis for funding programs.	3.	x	
4. Fiscal policies should be distributed to all staff.	4.		x
5. AI/DP funds may be more effectively applied if they were administered by Attendance Services.	5.		x
6. Program fiscal reports should be provided to the BoE displaying encumbrances.	6.	x	
7. The district should consider developing a claims management plan and file preliminary ST-3 forms.	7.	x	
8. Develop appropriate criteria to secure adequate resources for providing appropriate staff/student ratios.	8.		x
9. Increase the funding for instructional technology.	9.		x
10. Primary level classrooms should have at least part-time teacher aides.	10.		x

E. Staff Coordination

1. Establish a vision and mission for the district.	1.	x	
2. Develop an integrated management workplan.	2.	x	
3. Reorganize to allow Pupil Personnel Services areas to report to a single person.	3.		x
4. Review all data needs and procedures and identify one coordinator with authority over all data collection and use.	4.		x
5. There should be one person who supervises and coordinates the finance and business management area.	5.		x
6. Clarify the roles and responsibilities of all offices.	6.		x
7. Job and program descriptions need to be developed.	7.	x	
8. Management roles and responsibilities should be defined and responsibilities communicated to staff.	8.		x
9. Develop policies for the roles of advisory groups.	9.		x

9. State Comptroller's Report of Examination, as of March 11, 1994, dated April 1, 1994

A. Building Aid

1. The district should file necessary data to obtain all the building aid which had not been previously paid due to incorrect filing of and data with the State Education Department.	1.	x	
2. The Superintendent should establish a committee to develop policies and procedures which will ensure that projects are timely planned and records are maintained to claim state aid properly and timely.	2.		x
3. Capital projects should be scheduled and planned in a manner which will result in the receipt of all State aid permitted under law	3.	x	
4. Greater care should be taken in estimating project costs and providing sufficient financing to complete the projects.	4.		x
5. In instances where project costs will increase beyond the total authorization previously approved, the Board of Education must specifically authorize the additional resources to be utilized to fund the additional expense.	5.		x
6. Projects financed with the proceeds of indebtedness should be monitored for compliance with applicable statutory provisions contained in the Local Finance Law. For projects financed through the issuance of bonded indebtedness, the the City Common Council must authorize costs in excess of those initially approved by bond resolution.	6.	x	
7. Project funding and costs should be segregated and accounted for by SED project number to facilitate reporting and claiming building aid. The process for budgeting, accounting and reporting on projects should be designed to coordinate all three of these functions.	7.		x
8. The district should develop procedures to monitor project activities and the filing for and receipt of building aid.	8.		x
9. All eligible contracted expenditures associated with aidable projects should be included in building aid claims submitted to SED.	9.		x
10. District officials should discuss the SED how project costs incurred through the use of district staff could be aidable.	10.	x	
11. The district should take greater care in preparing certain forms for filing with SED to ensure improved cash flow from building aid advance payments for debt service.	11.		x
12. Chapter 700 of the Laws of 1992 amended Section 3602 of the Education Law to allow building aid for the reimbursement of school district lease payments. Leases of facilities to provide instructional space should be submitted to SED prior to the signing of the lease agreement to determine whether aid may be claimed.	12.		x

B. Budget Document Format

1. The Board of Education should review the Government Finance Officers' Association awards criteria, other "big 5" school district budgets and the applicable requirements to determine the appropriate revisions in the budget format to best serve the needs of district and governmental officials, taxpayers, and other users of the budget.	1.	x	
2. The Board of Education should establish a timetable to revise the budget document, assess staff needed to complete the project, and prioritize and implement the intended revisions, recognizing that it may take several fiscal years to incorporate them into the budget document.	2.		x

10. State Comptroller's Report of Examination, as of August 31, 1994, Dated October 14, 1994

A. Special Aid Programs

1. District officials should continue to work closely with the SED Buffalo Services team to resolve delays associated with program budget approvals and payment of start-up funds.	1.	x	
2. District officials should request the maximum amount of interim grant payments allowed from SED for each eligible special aid program operated by the district.	2.		x
3. School district officials should develop procedures which would allow for the timely filing of all final cost reports. In addition, school district officials should request filing extensions for those reports which, due to unforeseen circumstances, will not be filed within the required submittal time.	3.		x
4. Personal service and fringe benefit expenditures associated with special aid programs should be recorded and reported in a manner which will allow for a more accurate presentation of district financial activity. In addition, district officials should closely monitor special aid programs for potential overexpenditure of appropriations so that they may, among other things, file an application with SED for additional state aid, if available.	4.	x	
5. District officials should not maintain an indirect cost fund. This financial activity should be budgeted, accounted for, and reported in the general fund.	5.		x
6. District officials should review the indirect cost rate application to determine if the expenditure data contained therein could be reclassified to increase the indirect cost rate for federally funded special aid programs.	6.		x
7. District officials should revise their report of anticipated cash flow to include all significant special aid program activities and provide for the distribution of this report to the city comptroller's investment officer.	7.	x	

B. Accounting for Attendance

1.	Teachers and students should be required to comply with all policies relating to the district's attendance program. Procedures for making the initial recording entries should be standardized throughout the district. In addition, any change in attendance status should be completely documented so that all entries to the attendance data file are supported by records in the schools.	1.	x
2.	Instructions for recording attendance data using traveler cards should be amended to require that all original entries be retained, and not subsequently erased when corrections need to be made. All corrections should be recorded in a way that provides a verification trail.	2.	x
3.	Controls should be established to limit the access to, and use of, information contained in the attendance data file.	3.	x
4.	The district should consider alternatives to purchasing computerized attendance services from the New York State (NYS) Regional Information Center.	4.	x
5.	The applicable provisions of the Education Law regarding the of students from active enrollment should be complied with to insure that all pupils in the district are encouraged to attend school, and that they and their parents are aware of their right to an education.	5.	x
6.	Procedures for accounting for enrollment and attendance should clear and district personnel should be familiar with them. The Director of Attendance should provide for periodic monitorship for compliance with the procedures. There should be compliance with the specific guidelines for for accounting for students who do not attend the district schools where they are initially enrolled. Any indicated changes in staffing levels and/or reported attendance statistics should be made promptly.	6.	x
7	Attendance records should clearly indicate whether reported absences were legal as defined by the Education law.	7.	x

C Personal Services Appropriation Control

1	School district officials should require the encumbrance of personal service appropriations to accurately anticipate and quantify potential overexpenditures and/or underexpenditures of appropriations.	1.	x
2	District officials should develop and implement procedures to ensure that all payroll charges have been assigned a valid appropriation account code.	2.	x
3	Personal service expenditures should be closely monitored to prevent significant overexpenditures or underexpenditures of appropriations from occurring. Status reports of projected appropriation balances should be prepared at least quarterly and possibly more often as the fiscal year end approaches. Once potential budget variances are detected, district officials should plan and implement corrective action in a timely manner.	3.	x
4	District officials should adopt written guidelines to be followed when budgeting for instructional division staffing costs, when changes are proposed to instructional division staffing levels during the course of the fiscal year, and when personal services costs are reallocated from one appropriation account to another.	4.	x
5.	District officials should develop an integrated data processing system to ensure that classroom related personnel service costs are charged to the correct fund and appropriation in the district's accounting records and to allow district officials to better monitor personal service expenditures.	5.	x